

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-2393-66
#A-144-66

SUBJECT:

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

TO:

3 June 1966

SUBJECT: Request for Comparative Data
Lockheed Aircraft Corporation
(Lockheed-California Company)
Burbank, California
Contracts SP-1926 and SP-1928

TO : Contracting Officer

REF : 19 May 1966 Request

1. Per request, we have obtained and/or developed as much comparative data as possible without further contracting any contractor personnel.

2. Average unit costs are shown as follows:

	<u>SP-1926</u>	<u>SP-1928</u>
Final target costs		
Proposed target costs		
Less spares		
Average unit cost (for one of seven articles)		

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3. We believe that unit costs between contracts are not necessarily comparable as identical work was not or will not be performed on all 14 articles. Attached are work statements applicable to both contracts.

4. Also attached is a schedule of subcontractors for SP-1928 including commitments as of 21 December 1965.

5. Manpower charts are not available without contacting contractor personnel.


6. Since the work statements for each contract are different, it is our opinion that historical cost data for SP-1926 cannot be used realistically for comparison with proposed and/or incurred costs to date on SP-1928.

7. We have made a comparison between direct labor costs incurred and proposed as follows:

	<u>SP-1926</u>	<u>SP-1928</u>	
Final claim--			STATINTL
total incurred			
Proposal (exclud-			
ing spares)			
<u>Approximate average</u>			
for one article			

It is noted that the direct labor for SP-1926 includes that applicable to the costs of spares, since costs were commingled with all other direct labor.

8. A comparison between the total of direct labor, overhead, and G & A incurred and proposed is shown below:

	<u>SP-1926</u>	<u>SP-1928</u>	
Final claim			STATINTL
Proposal (exclud-			
ing spares)			
<u>Approximate average</u>			
for one article			

Again, it is noted that the direct labor, overhead, and G & A applicable to spares on SP-1926 are not separately identifiable.

9. It is noted that the differences, shown in paragraphs 7 and 8, between SP-1926 and SP-1928 would be greater if the contractor had used its actual book rates in lieu of lower rates (overhead and G & A) which had been agreed upon for price redetermination purposes in negotiations held prior to submitting their final price redetermination proposal for SP-1926.

10. A comparison between material costs and other direct charges between contracts is shown below. However, again, it is not possible to separately identify the material costs applicable to the spares on SP-1926.

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Final claim
Proposal (exclud-
ing spares)

SP-1926

SP-1928

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11. For SP-1928, the contractor proposed an amount of for tooling costs applicable to various changes which apparently were not applicable to SP-1926. However, tooling costs incurred on SP-1926 were not segregated and any comparisons cannot readily be made.

12. Your attention is called to a 28 October 1965 TWX in which the contractor stated that approximately was incurred applicable to 11 sets of parts before the number of articles was changed to 7. This is again referred to in a 12 November 1965 TWX.

STATINTL

Arthur G. Hanley
ARTHUR G. HANLEY
Auditor General Representative (APL)

Contract No. SP-1976		Work Statement from Definitized Contract		Article #379		Article #385		Article #382		Article #384		Article #372		Article #381		Article #383	
1	Scope																
2	Install J-75 engines	X	X	X													
3	Install aerial refueling	X	X	X													
4	Modify to "G" configuration	X	X	X													
5	Install CF Fuel Bump	X	X	X													
6	Install cockpit uplate, canopy	X	X	X													
7	ejection system, + autopilot	X	X	X													
8	Fabricate + install spoilers	X	X	X													
9	Perform complete IRAN		X	X													
10	Install slippers +		X	X													
11	Fabricate + install slipper tanks		X	X													
12	Install systems 12.8 + 9.8 in		X	X													
13	line of Brand 9A		X	X													
14	Repair accident damage		X	X													
15	System VI (modified "B" hatch)		X	X													
16	Install new computer system		X	X													
17	Incorporate outstanding service		X	X													
18	bulletins		X	X													
19	Update programs (*1 configuration)		X	X													
20	Replace		X	X													
21	Install system 13A		X	X													
22	Install droppable fuel tank		X	X													
23	provisions		X	X													
24	Install extended elevator		X	X													
25	trailing edge		X	X													
26	Install retractable stall strips		X	X													

Contract No. SP-1978

Work Statement from Draft Copy of Contract

		①		②		③		④	
Item	Scope	1 st article		2 ^d thru 7 th articles					
R/L		# 375		articles					
									1
1.	Install J-75 engines	X		X					2
2.	Enlarged intake scoops								3
	Configuration "A"	X							4
	" " "B"				X				5
3.	Horiz. stab. leading edge								6
	camber change	X		X					7
4.	Elev. trim position indicator	X		X					8
5.	Extended elevator & tab	X		X					9
6.	Extendable stall strips	X		X					10
7.	Fuel dump system	X		X					11
8.	150" sugar scoop	X		X					12
9.	Improved EPR system	X		X					13
10.	Adcbl. 750 VA inverter	X		X					14
11.	Larger Bendix generator	X		X					15
12.	Relocate 618T-3 transceiver	X		X					16
13.	Windshield defroster	X		X					17
14.	Time code generator (provision for)	X		X					18
15.	[] (provisions for)	X		X					19
16.	Relocate ATC	X		X					20
17.	Install drop tank provision	X		X					21
18.	Provisions for:								22
	a. Sys. 6 - an Elint system	X		X					23
	b. Sys. 9C	X		X					24
	c. Sys. 12B	X		X					25
	d. Sys. 13A	X		X					26
	e. Oscar Sierra	X		X					27
	f. Delta 2 - stereo camera	X		X					28
	g. Delta 3 - " "	X		X					29
	h. [] script	X		X					30
									31
									32
									33
									34
									35
									36

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Work Statement from Definitized Contract

		Article #349	Article #385	Article #387	Article #364	Article #372	Article #381	Article #383
1								
2	Install J-75 engines	X	X	X	X	X	X	X
3	Install aerial refueling	X	—	—	—	—	—	—
4	Modify to "G" configurations	X	X	X	X	—	X	—
5	Install CF Fuel Pumps	X	X	X	X	X	X	X
6	Install cockpit update,							
7	ejection system, + autopilot	X	X	X	X	X	—	—
8	Fabricate + install spoilers	X	—	—	X	—	—	—
9	Perform complete I.R.N.	—	X	X	X	X	—	—
10	Install slipper + [redacted]	—	X	X	X	X	—	—
11	Fabricate + install slipper tanks	—	X	X	X	X	—	—
12	Install systems 12B + 9B in				X	X	X	X
13	Luv of Brand 9A		X	X	—	—	—	—
14	Repair accident damage		—	X	—	X	—	—
15	System VI (modified "B" batch)		—	X	—	X	—	—
16	Install new compass system			—	X	X	—	—
17	Incorporate outstanding service				X	X	—	—
18	bulletins		X	X				
19	Update program (+ configuration)	—	—	—	—	—	X	X
20	Replace	—	—	—	—	—	X	X
21	Install system 15A	—	—	—	—	—	X	—
22	Install droppable fuel tank	—	—	—	—	—	X	X
23	provisions	—	—	—	—	—	X	—
24	Install extended elevator	—	—	—	—	—	X	—
25	Trailing edge	—	—	—	—	—	X	—
26	Install retractable stall strips	—	—	—	—	—		
27								
28								
29								
30								
31								
32								

Work Statement from Draft Copy of Contract

Item Ref.	Scope	1 st article # 375	2 ^d thru 7 th articles	
1.	Install J-75 engines	X	X	1
2.	Enlarged intake scoops			2
3.	Configuration "A"			3
4.	Configuration "B"	X		4
5.				5
6.			X	6
7.	Horizontal leading edge			7
8.	camber changes	X	X	8
9.	Elev. trim position indicator	X	X	9
10.	Extended elevator & tab	X	X	10
11.	Extendable stall strips	X	X	11
12.	Fuel dump system	X	X	12
13.	150" sugar scoop	X	X	13
14.	Improved EPR system	X	X	14
15.	Adctl. 750 VA inverter	X	X	15
16.	Larger Bendix generator	X	X	16
17.	Relocate 618 T-3 transceiver	X	X	17
18.	Windshield defroster	X	X	18
19.	Time code operator (provision for)	X	X	19
20.	[] (provision for)	X	X	20
21.	Relocate ATC	X	X	21
22.	Install drop tank provision	X	X	22
23.	Provisions for:			23
24.	a. Sys. 6 - an Elink system	X	X	24
25.	b. Sys. 7C	X	X	25
26.	c. Sys. 12B	X	X	26
27.	d. Sys. 13A	X	X	27
28.	e. Oscar Sierra	X	X	28
29.	f. Delta 2 - stereo camera	X	X	29
30.	g. Delta 3 -	X	X	30
31.	h. []	X	X	31
32.				32
33.				33
34.				34
35.				35
36.				36

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FORM 104-1
17-64 USE PREVIOUS EDITIONS

Approved By

Contract No. SP-1976
Work Statement from Definitized Contract

Scope	Article #349	Article #385	Article #382	Article #384	Article #372	Article #381	Article #383
1							
2	Install 1-75 engines	X	X	X	X	X	X
3	Install aerial refueling	X	X	X	X	X	X
4	Modify to "G" configurations	X	X	X	X	X	X
5	Install CF Fuel Pumps	X	X	X	X	X	X
6	Install cockpit update, canopy	X	X	X	X	X	X
7	ejection system, + outboard life	X	X	X	X	X	X
8	Fabricate + install speakers	X	X	X	X	X	X
9	Perform complete IRN	X	X	X	X	X	X
10	Install slippers +	X	X	X	X	X	X
11	Fabricate + install slipper tanks	X	X	X	X	X	X
12	Install systems 12-B + 9-B in	X	X	X	X	X	X
13	line of brand 9A	X	X	X	X	X	X
14	Repair accident damage	X	X	X	X	X	X
15	System VI (modified "B" hatch)	X	X	X	X	X	X
16	Install new compass system	X	X	X	X	X	X
17	Incorporate outstanding service	X	X	X	X	X	X
18	bulletins	X	X	X	X	X	X
19	Update programs (+ configuration)	X	X	X	X	X	X
20	Replace	X	X	X	X	X	X
21	Install system 15A	X	X	X	X	X	X
22	Install droppable fuel tank	X	X	X	X	X	X
23	provisions	X	X	X	X	X	X
24	Install extended elevator	X	X	X	X	X	X
25	trailing edge	X	X	X	X	X	X
26	Install retractable still strips	X	X	X	X	X	X
27							
28							
29							
30							
31							
32							

Contract No. SP-1978

Work Statement from Draft Copy of Contract

		①		②		③		④	
Item	Ref.	Scope		1st article # 375		2d thru 7th articles			
1									
2	1.	Install J-75 engines		X		X			
3									
4	2.	Enlarged intake scoops							
5		Configuration "A"		X					
6		" " "B"				X			
7									
8	3.	Horiz. stab. leading edge							
9		cambers changed		X		X			
10									
11	4.	Elev. trim position indicator		X		X			
12	5.	Extended elevator & tab		X		X			
13	6.	Extendable stall strips		X		X			
14	7.	Fuel dump system		X		X			
15	8.	150' sugar scoop		X		X			
16	9.	Improved EPR system		X		X			
17	10.	Addtl. 750 VA inverter		X		X			
18	11.	Larger Bendix generator		X		X			
19	12.	Relocate 618T-3 transceiver		X		X			
20	13.	Windshield defroster		X		X			
21	14.	Time code generator (provision for)		X		X			
22	15.	[] (provisions for)		X		X		STATINTL	
23	16.	Relocate ATC		X		X			
24	17.	Install drop tank provisions		X		X			
25	18.	Provisions for:							
26		a. Sys. 6 - an Elink system		X		X			
27		b. Sys. 9C		X		X			
28		c. Sys. 12B		X		X			
29		d. Sys. 13A		X		X			
30		e. Oscar Sierra		X		X			
31		f. Delta 2 - stereo camera		X		X			
32		g. Delta 3 - " "		X		X			
33		h. [] outfit		X		X			
34									
35									
36									

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